

Report to	Council 25 November 2014	Item
Report of	Executive head of business relationship management and democracy	10
Subject	Review of the council's constitution – Code of Governance	

Purpose

To consider the recommendation of the cabinet to amend the council's code of governance, in line with The Chartered Institute of Public Finance and Accountancy's (CIPFA's) statement on the role of the chief financial officer in local government.

Recommendation

To change appendix 19 of the council's constitution to include:

- (a) the additional governance requirements from the CIPFA statement on the role of the chief financial officer in local government in the code of governance; and
- (b) updating paragraph 4.3 of the code of governance to bring it in line with the Accounts and Audit (England) Regulations 2011;

Corporate and service priorities

The report helps to meet the corporate priority "Value for money services."

Financial implications

There are no direct financial implications arising from this report.

Ward/s: all wards

Cabinet member: Councillor Waters – Deputy leader and resources

Contact Officers

Anton Bull, executive head of business relationship management and democracy	01603 21 2326
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Background documents:

None

Report

Background

1. The council's current code of governance was adopted in October 2008 and is included in the constitution as appendix 19.
2. The council's code closely followed the guidance in the CIPFA and SOLACE framework document '*Delivering good governance in local government*' and the accompanying guidance note.
3. The CIPFA and SOLACE guidance note set out a schedule to assist in putting the good governance principles into practice. It described what the council's code of governance should contain and gave examples of source documents, good practice and other means that could be used to demonstrate compliance.
4. At its meeting on 8 October 2014, cabinet resolved to recommend to council that it adopted the changes to appendix 19 of the council's constitution as set out in the paragraphs below.

Role of the chief financial officer in local government

5. In 2010 CIPFA issued the *CIPFA Statement on the Role of the Chief Financial Officer in Local Government*. The statement supports CIPFA's work to strengthen governance and financial management across the public services. It sets out five principles that define the core activities and behaviours that belong to the role of the chief financial officer (CFO) and the governance requirements needed to support them. The governance requirements should be reflected in an authority's local code of governance.
6. The statement can be found at www.cipfa.org/Policy-and-Guidance/Reports/The-Role-of-the-Chief-Financial-Officer-in-Local-Government
7. The statement on the role of the CFO sets out the following five principles:

The CFO in a local authority:

- is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the authority's strategic objectives sustainably and in the public interest.
- must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the authority's financial strategy.
- must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

To deliver these responsibilities the CFO:

- must lead and direct a finance function that is resourced to be fit for purpose; and
 - must be professionally qualified and suitably experienced.
8. To assist authorities to put the above into practice, CIPFA produced an application note to advise on the application of the statement on the role of the CFO in local government under the CIPFA/SOLACE framework. It illustrates:
- how the governance requirements to support the principles in the CFO statement build on the governance requirements that need to be reflected in an authority's local code of governance
 - how the annual governance statement can reflect compliance with the CFO statement for reporting purposes.
9. Appendix 1 details how CIPFA recommends that the council's code of governance should be updated to include the additional governance requirements from the CFO statement. The table in appendix 1 comprises:
- The six core principles from the council's code of governance (the heading for each section)
 - the supporting principles included in the code of governance (column A)
 - the range of specific requirements from the framework that are also included in the code of governance (column B)
 - the additional/expanded governance requirements from the CFO statement which build on the principles and requirements from the CIPFA/SOLACE framework and which should also be reflected in the code of governance.

Accounts and Audit (England) Regulations 2011

10. The above regulations replaced the term 'annual statement of internal control' with 'annual governance statement'. Therefore it is recommended that paragraph 4.3 of the code is updated to read as follows:
11. "The preparation and publication of the governance statement will meet the statutory requirements of the Accounts and Audit (England) Regulations 2011 which state that authorities must "conduct a review at least once in a year of the effectiveness of its system of internal control." Following the review, the authority "must approve an annual governance statement, prepared in accordance with proper practices in relation to internal control." To comply with the regulations the council's governance statement will be included in the council's annual statement of accounts."

Constitution working party

12. At its meeting on 8 September 2014, the constitution working party considered the proposed amendments to the council's Code of governance and endorsed the recommendations contained in this report.

Integrated impact assessment



NORWICH
City Council

The IIA should assess **the impact of the recommendation** being made by the report

Detailed guidance to help with completing the assessment can be found [here](#). Delete this row after completion

Report author to complete

Committee:	Council
Committee date:	25 November 2014
Head of service:	Executive head of business relationship management and democracy
Report subject:	Review of council's constitution
Date assessed:	24 September 2014
Description:	

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other departments and services e.g. office facilities, customer contact	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ICT services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Economic development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Financial inclusion	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>S17 crime and disorder act 1998</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Waste minimisation & resource use	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sustainable procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Risk management	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Recommendations from impact assessment
Positive
Negative
Neutral
YES
Issues